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February 20, 2007

Via E-Mail

John K. Gisleson
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Dear John,

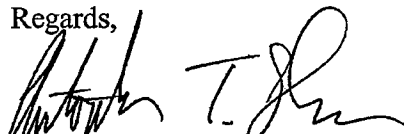
I am following up on your letter of February 1, 2007, and your email of February 16, 2007, regarding VEO's responses to discovery requests in this action. First, VEO has not "intentionally withheld" documents at any point in this litigation. Rather, VEO has made good faith attempts to respond to IKE's requests, which at times were overbroad and vague in nature.

Second, with respect to production of design drawings for Voyager boilers, VEO has made production of drawings on a rolling basis. VEO does customize its Voyager boilers to the extent necessary to meet customer needs, but it does not follow that no two projects are the same. In fact, contrary to your assertion, many of the Voyager boilers VEO has built involve the same model, in which case the design drawings for those are the same. To illustrate this point, and to provide an up to date status on Victory's Voyager sales, a chart depicting Voyager sales to date was produced to you last week.

Finally, with a supplementation you will receive via overnight mail tomorrow, VEO has produced the documents IKE needs to calculate VEO's profit on the boilers it has shipped out. As previously acknowledged by the Court, VEO cannot provide profit documents for boilers it has not yet completed. As such, VEO has satisfied the Court's order of December 15, 2006.

Please let me know if you have any questions regarding this matter.

Regards,



Christopher T. Sheean

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